

IR release

August 10, 2011

Commerzbank: Operating profit at EUR 1.2 bn in the first half of 2011

- **Operating profit of the Core Bank at EUR 2.1 bn as of June 30, 2011**
- **EUR 760 m impairments on Greek sovereign bonds**
- **In the second quarter 2011 operating profit at EUR 55 m**
- **Core Tier 1 ratio as of June 30, 2011 at a comfortable 9.9%, Equity Tier 1 ratio 9.1%**
- **Blessing: “We are continuing to pursue our ‘Roadmap 2012’ strategy consistently”**

In the first six months of 2011 Commerzbank has made considerable progress. The **Core Bank** with the operating segments Private Customers, Mittelstandsbank, Central & Eastern Europe, as well as Corporates & Markets, was able to double its operating profit in a year-on-year comparison (EUR 2.1 billion following EUR 1.1 billion in the first half of 2010). In response to the decisions of the EU special summit in July 2011 the Bank has booked impairments of EUR 760 million on Greek sovereign bonds already as of June 30, 2011. In this respect, the bonds due after 2020 have also been taken into consideration. In the first six months of 2011 the Group’s **operating profit** was EUR 1.2 billion, following on from EUR 1.0 billion in the same period of the previous year. In the second quarter of 2011 the Group posted an operating profit of EUR 55 million (after EUR 243 million in a year-on-year comparison). As a consequence of successful loan restructurings and the solid economic development, the **loan loss provisions** were more than halved in the same period (EUR 278 million following EUR 639 million in the second quarter 2010). The **net profit** attributable to the Commerzbank shareholders in the second quarter 2011 was EUR 24 million (second quarter 2010: EUR 352 million).

“The Core Bank segments performed gratifyingly in the first half of 2011. Mittelstandsbank benefited from the stable German economy. Corporates & Markets has – in a challenging environment – posted its best result to date since the take-over of Dresdner Bank. The Private Customers business leveraged further synergies resulting from the integration. The positive trend also continued in the Central & Eastern Europe segment,” said Martin Blessing, Chairman of the Board of Managing Directors of Commerzbank. “Against the backdrop of the successful development of our Core Bank we are continuing to pursue our ‘Roadmap 2012’ strategy consistently. The targets set in the year 2009 are still conditional upon stable markets, which we are presently only seeing to a restricted extent owing to the sovereign debt crisis. A return to more stable markets is dependent on how the current crisis develops.”

Further reduction in risk-weighted assets

In the period from April to June 2011 Commerzbank further reduced its assets as planned. Especially due to the continued portfolio reduction in the Asset Based Finance segment and in the Portfolio Restructuring Unit, **total assets** were lowered by 24%, from EUR 898 billion at the end of June 2010 to EUR 684 billion. The **risk-weighted assets** declined in the same period by 18%, to EUR 239 billion. After the successful completion of the capital measure to largely reduce the silent participations of SoFFin the **Core Tier 1 ratio** at the end of June 2011 was at a comfortable 9.9%, the **Equity Tier 1 ratio** 9.1%. As at the end of the second quarter 2011 the Bank had already covered its entire refinancing volume for 2011 despite the volatile markets.

Net trading income increases considerably

Excluding exit units the **net interest income** (EUR 1.8 billion) in the second quarter 2011 has slightly decreased by 2% year-on-year. In terms of the **net commission income** a further recovery in customer activity led to an improvement over the second quarter of 2010, up almost 3% to EUR 928 million. Against the background of rising demand for investment products, the **net trading income** increased in the second quarter of 2011 by 82% year-on-year, to EUR 576 million. The **operating expenses** were again lowered in the second quarter of 2011 in a year-on-year comparison (minus 9% to EUR 2.0 billion). The synergies associated with the integration of Dresdner Bank will continue to be realised as planned. **Bank levies** in the first six months of 2011 led to total charges of EUR 9 million.

All segments of the Core Bank with significantly improved result

In **Private Customer** business the operating profit has increased clearly over the second quarter 2010, by EUR 66 million to EUR 79 million. Positive factors here were, above all, the improved interest rate environment and a clear decrease in loan loss provisions. **Mittelstandsbank**, with an operating profit of EUR 501 million (plus 29%, previous year: EUR 388 million), once again made the largest profit contribution within the Group. The background to this is, above all, the stable economic development, which led to net releases in loan loss provisions of EUR 25 million. In addition, there were positive valuation effects from restructured loans and successes in business with renewable energies. In the **Central & Eastern Europe** segment the operating profit increased in the second quarter of 2011 to EUR 99 million (following on from EUR 7 million in the same period of the previous year). In the first half of 2011 an operating profit of EUR 177 million was posted. This development was favoured by further restructuring successes at Bank Forum as well as the positive development of BRE Bank. The number of customers in the region has risen in the first six months of 2011 by 158,000 to more than 4.3 million. The extraordinarily strong operating profit of the **Corporates & Markets** segment (EUR 281 million following EUR 109 million in the second quarter 2010) reflects the successes of the customer-oriented business model. In particular as a result of successful transactions in the Corporate Finance segment and the growing demand for investment products from the Equity Markets & Commodities segment,

gross revenues increased to EUR 712 million (second quarter 2010: EUR 503 million). Fixed Income & Currencies saw a stable development despite the uncertainty on the markets.

ABF and PRU continue asset reduction

The operating profit of the **Asset Based Finance** segment saw charges from the impairments on Greek sovereign bonds. In addition, the result was impacted by the consistent reduction in risks and assets. In total, the investment income in the ABF segment was minus EUR 936 million in the second quarter 2011 (following minus EUR 158 million in the second quarter 2010). The Exposure at Default in the Public Finance area was EUR 98 billion as of the end of June 2011, following EUR 104 billion as of the end of March 2011 (minus 5%). In the **Portfolio Restructuring Unit** the asset reduction was also continued consistently. The assets were reduced to EUR 11.2 billion, following EUR 12.5 billion as of 31 March 2011 (minus 10%). The segment was again able to profit from write-ups, posting an operating profit of EUR 64 million (following EUR 95 million in the second quarter 2010).

Outlook

“The second quarter of 2011 has again shown that we are on the right track. Our core business is well positioned; it is robust and profitable on a sustainable basis despite the impact of the European sovereign debt crisis,” said Eric Strutz, Chief Financial Officer of Commerzbank. “At present the markets look likely to stabilise only to a limited extent because of the sovereign debt crisis. Nevertheless, we are not predicting any significant repercussions on the Core Bank’s business activities for the 2011 financial year. An operating profit well above the figure achieved in 2010 is therefore expected. The Group’s results will significantly depend on the following factors: the implementation of the package of measures to tackle the European sovereign debt crisis, and the absence of any further escalation of the current situation.”

The Bank plans to continue the reduction in non-strategic assets as well as securities in the European periphery as foreseen. The loan loss provisions in 2011 are likely to be less than EUR 1.8 billion. To date Commerzbank had assumed charges totalling EUR 2.3 billion in this area.

Excerpt from the consolidated profit and loss statement

In EUR m	H1 2011	Q2 2011	Q1 2011	H1 2010	Q2 2010
Net interest income	3,517	1,790	1,727	3,739	1,853
Provisions for loan losses	- 596	- 278	- 318	- 1,283	- 639
Net commission income	1,948	928	1,020	1,902	905
Net trading income	1,095	576	519	1,152	316
Net investment income	- 942	- 954	12	- 59	60
Current income on companies accounted for at equity	13	13	-	8	6
Other income	348	10	338	- 8	- 30
Operating expenses	4,184	2,030	2,154	4,437	2,228
Operating profit	1,199	55	1,144	1,014	243
Impairments of goodwill	-	-	-	-	-
Restructuring expenses	-	-	-	33	33
Taxes	137	2	135	- 96	- 151
Consolidated profit	1,062	53	1,009	1,077	361
Consolidated profit attributable to Commerzbank shareholders	1,009	24	985	1,060	352
Cost / income ratio in operating business (%)	70.0	85.9	59.6	65.9	71.6

About Commerzbank

Commerzbank is a leading bank for private and corporate customers in Germany. With the segments Private Clients, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe as well as Asset Based Finance, the Bank offers its customers an attractive product portfolio, and is a strong partner for the export-oriented SME sector in Germany and worldwide. With a future total of some 1,200 branches, Commerzbank has one of the densest networks of branches among German private banks. It has above 60 sites in more than 50 countries and serves more than 14 million private clients as well as 1 million business and corporate clients worldwide. In 2010, it posted gross revenues of EUR 12.7 billion with some 59,000 employees.

Disclaimer

This release contains statements concerning the expected future business of Commerzbank, efficiency gains and expected synergies, expected growth prospects and other opportunities for an increase in value of the company as well as expected future net income per share, restructuring costs and other financial developments and information. These forward-looking statements are based on the management's current expectations, estimates and projections. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from any future results and developments expressed or implied by such forward-looking statements. Commerzbank has no obligation to periodically update or release any revisions to the forward-looking statements contained in this release to reflect events or circumstances after the date of this release.